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NATIONAL TEA CO.

Money-Saving Food Distribution
EST. 1899
NATIONAL TEA CO.
Food Stores

ANNUAL REPORT

FOR THE YEAR ENDING
DECEMBER 31, 1933

MRB
CORP. FILE

National Tea Co. "DeLuxe" Complete Food Stores are super-planned for shopping convenience and are modern in attractiveness.

A typical modern, deluxe type store.

Note the efficient arrangement of the grocery department.

Fresh fruits and vegetables neatly and invitingly displayed.

A typical deluxe meat department.

1000 Crosby Street, Chicago
February 19, 1934

To the Stockholders of the
National Tea Co.

The annual report of your Company for the year ending December 31, 1933, as certified to by Messrs. Arthur Young & Co., is herewith presented for your consideration.

The result of operations for the year, after making provision for Federal Income Taxes, is a profit of $1,180,390.13, equivalent after Preferred Dividends to $1.70 per share on 644,953 shares of outstanding common stock. This result compares with a profit of $899,053.63 for the year 1932, equivalent after Preferred Dividends to $1.30 per share on 627,736 shares of outstanding common as of that date.

The consolidated sales for the year, including $2,364,959.06 sales made direct from warehouse on contract, amounted to $64,973,575.85 as compared with $65,657,249.46 for the year 1932, a decrease of 1.04%. This compares with a decline of 2.4% in retail food prices as shown by the Bureau of Labor Statistics, United States Department of Labor.

At December 31, 1933, the Company had in operation 1,299 stores, of which 372 were combination grocery and meat markets, as compared with 1,389 stores at the end of 1932, of which 302 were combination grocery and markets.

The same depreciation rates in effect in previous years have been consistently maintained, the charge against earnings in respect of this item being $1,054,465.35 for the year, as compared with $1,105,232.28 in 1932. In addition to the above depreciation charges, substantial maintenance and repair charges have been absorbed in the current operating expenses.

The Company continues in splendid cash position, with no bank loans, as will be seen from reference to the attached Balance Sheet.

The Company has complied in full with the President's Re-employment Agreement, which became effective August 1, 1933, and as adjustments could not be made immediately, expenses of operation have increased during the last five months of the year.

The Public Relations Department continues its development of a high standard of sales personnel as well as the building of Good Will by community participation.

Respectfully submitted,
Geo. Rasmussen,
President.

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CONSOLIDATED

DECEMBE

ASSETS

CURRENT ASSETS:		
Cash on Hand and in Banks		$ 1,423,181.76
United States Government Bonds, at Cost (Market Value, $1,266,986.87)		1,283,381.25
Notes Receivable, less Reserve for Doubtful Notes		4,011.88
Accounts Receivable—		
Trade	$ 314,498.32	
Due from Relief Agencies (of which $505,629.84 has been received in 1934)	632,783.54	
Due from Nateco Realty Trust	84,297.32	
Other	67,238.95	
	$1,098,818.13	
Less: Reserve for Bad Debts	38,529.21	
		1,060,288.92
Inventories of Merchandise and Supplies on hand and in transit, certified as to quantity and condition by officials of the Company and valued at cost or market, whichever is lower		5,839,576.06
Tax Anticipation Warrants at Cost (face value, $188,868.35)		188,548.35
Total Current Assets		$ 9,798,988.22
EMPLOYES' STOCK SUBSCRIPTION CONTRACTS: (18,550 shares Preferred Stock National Tea Co. sold on contracts and held, along with Real Estate, as security)		139,492.58
CASH IN CLOSED BANKS, LESS RESERVE		43,658.09
MORTGAGES RECEIVABLE, DUE SUBSEQUENT TO 1934		11,406.50
INVESTMENTS:		
Nateco Realty Trust (represented by 500 Certificates of Beneficial Interest, being 50% Ownership at Cost)	$ 668,870.51	
Rana Investment Company—50% Interest at Cost	500.00	
		669,370.51
PROPERTIES—AT COST:		
Land	$3,022,847.19	
Buildings	$ 6,098,600.24	
Machinery, Fixtures and Equipment	8,123,279.38	
Delivery Equipment	1,185,586.05	
	$15,407,465.67	
Less: Reserve for Depreciation	6,556,951.53	
	8,850,514.14	
		11,873,361.33
GOODWILL		1.00
DEFERRED CHARGES:		
Extraordinary Expenditures on Improvement of Leaseholds, etc. being amortized	$ 501,287.19	
Prepaid Taxes, Insurance, etc.	116,107.78	
		617,394.97
		$23,153,673.20

The President and Board of Directors,
National Tea Co., Chicago

We have made an examination of the Consolidated Balanc
statement of Consolidated Income and Surplus for the year 19
and other corporate records of the Company and its wholly ow
nations from officers and employes of the Companies; we also m
ating and income accounts for the year, but we did not make a

In our opinion, based upon such examination, the accompar
and Surplus fairly present, in accordance with accepted princ
financial position at December 31, 1933 and the results of the

Chicago, Illinois—February 16, 1934.

BALANCE SHEET

R 31, 1933

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:		
Accounts Payable—		
Trade	$1,546,401.69	
Payroll and Commissions	82,231.06	
Interest and Taxes	613,267.29	
Employes' Deposits	12,093.44	
Dividends Payable	106,400.18	
Provision for Federal Income Tax and Capital Stock Tax (Estimated)	197,984.52	
		$ 2,558,378.18
Commercial Letters of Credit (Merchandise received or in Transit)		108,470.71
Total Current Liabilities		$ 2,666,848.89
PURCHASE MONEY OBLIGATIONS—DUE SUBSEQUENT TO 1934		567,200.00
FIVE YEAR 5% GOLD NOTES, DUE MAY 1, 1935	$4,000,000.00	
Less: Repurchased and Cancelled	625,000.00	
		3,375,000.00
CONTINGENT RESERVE		66,054.25
PREFERRED STOCK, 5½% CUMULATIVE:		
Authorized and Issued... 200,000 Shares of $10 each..		2,000,000.00
Less: Held in Treasury 52,000 Shares		
Outstanding ..... 148,000 Shares		
COMMON STOCK:		
Authorized..... 800,000 Shares of No Par Val.		
Issued..... 660,000 Shares		8,250,000.00
Less: Held in Treasury 15,047 Shares		
Outstanding ..... 644,953 Shares		
EARNED SURPLUS:		
As per Statement attached	$6,896,283.38	
Less:		
Capital Stock held in Treasury—		
Preferred—52,000 Shares $516,899.25		
Common—15,047 Shares 150,814.07		
	667,713.32	
		6,228,570.06
		$23,153,673.20

e Sheet of National Tea Co. as at December 31, 1933 and of the
33. In connection therewith, we examined or tested accounting
ned Subsidiary Companies and obtained information and expla-
ade a general review of the accounting methods and of the oper-
detailed audit of the transactions.
ying Consolidated Balance Sheet and related statement of Income
ples of accounting consistently followed by the Companies, the
operations for the year.

ARTHUR YOUNG & CO.
Certified Public Accountants.

INCOME AND SURPLUS ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 1933

SALES:		
Stores (After deducting Sales and Occupational Taxes, $484,080.04)	$62,608,616.79	
Direct Warehouse Sales	2,364,959.06	
		$64,973,575.85
Deduct:		
Cost of Sales and Expenses	$62,555,531.38	
Depreciation	1,054,465.35	
Loss on Sale of Capital Assets	30,236.49	
		63,640,233.22
NET OPERATING PROFIT		$ 1,333,342.63
Add:		
Profit on Five Year 5% Gold Notes Repurchased and Cancelled	$ 12,332.50	
Revenue from Nateco Realty Trust	40,000.00	
		52,332.50
		$ 1,385,675.13
Deduct:		
Consideration paid for Cancellation of Leases		30,285.00
Net Profit before deducting Provision for Federal Income Tax		$ 1,355,390.13
Provision for Federal Income Tax		175,000.00
Net Profit transferred to Surplus		$ 1,180,390.13
Earned Surplus, January 1, 1933	$ 6,183,674.10	
Deduct:		
Dividends—		
Preferred	$ 82,302.42	
Common	385,478.43	
	467,780.85	
		5,715,893.25
Earned Surplus, as per Balance Sheet		$ 6,896,283.38

National Tea Co.

Directors

George Rasmussen

Frederick H. Massmann

Th. Rasmussen

Burt J. Dickens

Robert V. Rasmussen

Joseph L. Merrill

Officers

George Rasmussen
President

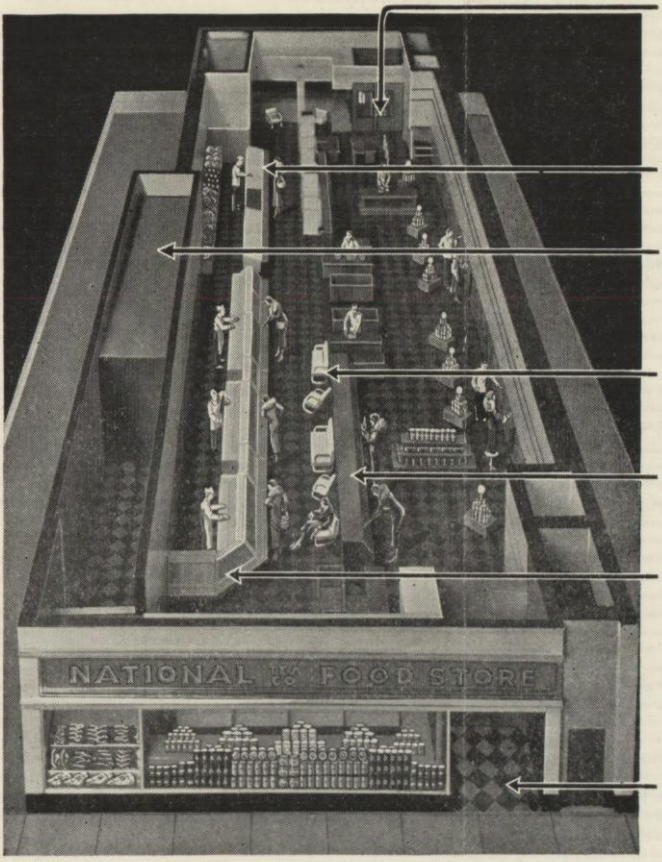
Frederick H. Massmann
Vice-President

Th. Rasmussen
Secretary & Treasurer

Burt J. Dickens
Assistant Secretary

W. E. Russell
Comptroller

National Tea Co.'s
Latest DeLuxe Food Store
Installation at 800 Elm Street, Winnetka, Ill.



Exit leading to large parking space for convenience of automobile customers.

Modern produce department with refrigerated cases for vegetables.

Air-conditioned to make shopping here a pleasure even on the warmest days.

A meat department supreme with lounging chairs for the busy shopper to sit a moment and rest.

An efficiently arranged grocery department with accessible shelving and self service display stands.

Modern refrigerated meat display cases make selection easy.

Large, inviting, protected entrance for greater convenience.